

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A — April 1984

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*This month :
The economic situation
in the Community*

Economic trends

Strong upturn in GDP in the fourth quarter of 1983. — According to an estimate based on the quarterly national accounts for the four Member States, real gross domestic product in the Community in the fourth quarter of 1983 showed an increase of 4,8 % at annual rate over the previous quarter, confirming thus the recovery of economic activity already suggested by the trend in industrial production and by the business tendency surveys. The rise was particularly fast in the UK (8,2 %) but also the other three major Member States recorded quite an advance in GDP : Germany 5,3 %, Italy 4,1 % and France 2,7 % (Table 1).

TABLE 1 : Gross domestic product at constant market prices (percentage change on preceding period, annual rates, seasonally adjusted)

	Community (¹)	FR Germany (¹)	France	United Kingdom	Italy
1980 Q1	3,4	6,9	1,4	-3,9	7,8
Q2	-4,9	-7,0	-2,8	-5,9	-2,5
Q3	-1,4	1,1	0,3	-3,3	-7,2
Q4	0,2	-1,1	-1,0	1,0	4,4
1981 Q1	0,6	0,9	-2,7	2,6	3,7
Q2	-1,5	-2,6	4,2	-7,1	-2,1
Q3	1,5	3,8	2,1	0,4	3,0
Q4	2,8	0,0	3,4	5,4	5,3
1982 Q1	0,6	-3,6	1,1	4,1	5,3
Q2	-0,1	-0,5	2,8	1,2	-5,7
Q3	-3,1	-3,0	-1,1	-1,6	-8,2
Q4	2,5	-0,6	3,0	9,6	0,9
1983 Q1	2,7	2,5	-1,0	9,9	1,6
Q2	-0,4	4,3	1,4	-6,3	-6,0
Q3	1,2	0,6	-0,3	1,8	4,6
Q4	4,9	5,3	2,7	8,2	4,1

(¹) FR Germany : GNP.

Source : Federal Republic of Germany : Bundesbank, France : INSEE, Italy : ISCO, United Kingdom : CSO (expenditure-based measure). Figures for Germany do not include the adjustment for calendar irregularities.

Recovery in industrial production confirmed. — Industrial production in the Community, adjusted for seasonal fluctuations grew by 0,2 % in January 1984 (provisional figure) after a rise of 1,8 % in November and 0,7 % in December 1983 (revised figures). The trend, expressed as the three month moving average, has again improved, registering a rise of 8,5 % at an annual rate, the most rapid increase in the trend since 1978. On a year-to-year basis, industrial production in the Community in January rose by 5,1 %, developments in individual Member States, however, showing substantial differences with respect to conjunctural situations. Thus, industrial production grew on a year earlier, by 32,3 % in Luxembourg, 19,3 % in Ireland, 12,6 % in Denmark and 7,7 % in Germany while a decline was recorded in Greece (0,7 %) and in Italy (3 %).

Rate of unemployment rises. — After nine months of stability, the unemployment rate in the Community started to grow again over recent months to reach 11 % of the labour force (seasonally adjusted) which corresponds to 12,4 million persons. The growth in unemployment was particularly rapid in France, Ireland and the United Kingdom. In February 1984 unemployment in the Community was 5,5 % higher than a year before (Table A.2).

Little change in the inflation trend. — The index of consumer prices in the Community in February rose by 0,6 % or slightly less than in January. The slowdown, however, was mainly of a seasonal nature : adjusted for seasonal variations the index in fact showed a rise of 0,7 % against 0,5 % in January. The trend rate of inflation, measured as the seasonally adjusted change over 6 months, remained steady at 8 %. Compared to the level of February 1983, the index of consumer prices in the Community in February 1984 showed a rise of 7,9 % with the figures for individual Member States ranging from 3,1 % in Germany to 18,8 % in Greece (Table A.3).

Visible trade out-turn for 1983 much improved. — First provisional estimates suggest that the Community's deficit on visible trade, seasonally adjusted, rose again in December 1983 to 1 771 million ECU, from the low figure (heavily revised downwards) of 438 million ECU now estimated for November (Table A.5). Monthly movements in this series are highly irregular, but a continued improvement can be discerned in the trend of the quarterly figures. The deficit provisionally estimated for the fourth quarter of 1983 is 4 153 million ECU, as against 6 077 million ECU in the fourth quarter of 1982. For 1983 as a whole, the deficit is provisionally estimated at 19 396 million, or 0,7 % of Community GDP, as against 1,1 % of GDP in 1982, 1,4 % in 1981 and 2,4 % in 1980.

Monetary expansion in the Community relatively moderate in 1983. — Expressed as the December-on-December rate of change, the growth of the money stock, on average for the Community, slowed to 9,8 % in 1983 as against 10,9 % in 1982. However, the year-average rate of growth for 1983 was 10 %, the same as in 1982. Given the reduction in the rate of growth of nominal GDP (+ 9,6 % in 1982, + 7,2 % in 1983) resulting from a reduced rate of inflation, the liquidity ratio for the Community economy increased more in 1983 than in 1982. Among the Member States, the rate of growth of the money stock declined significantly in 1983 in the Federal Republic of Germany, Greece, Ireland and Italy and more modestly in France. By contrast it rose a little in the United Kingdom, more substantially in Belgium and the Netherlands, and sharply in Denmark, where liquidity preference

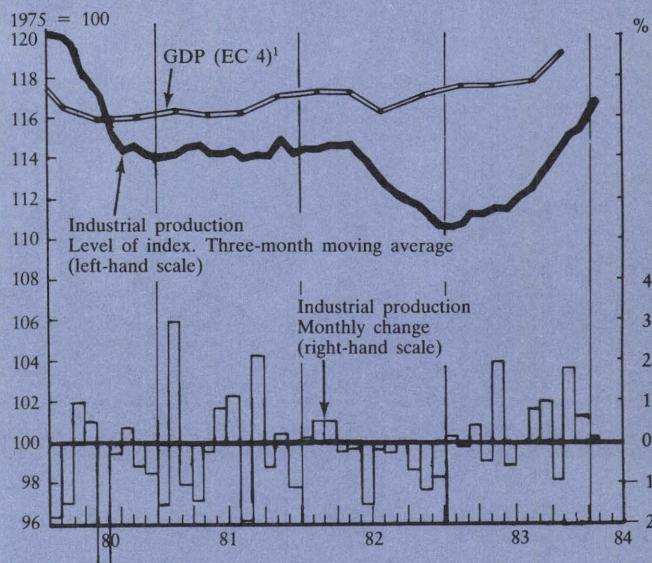
was considerably increased by a structure of interest rates which encouraged money creation. The increase in the month-on-month rate of growth of the money stock recorded in December 1983 is not a wholly reliable indicator since it reflects, for some Member States, special year-end factors.

Slight fall in average short-term interest rates in the Community. — The short-term interest rate, on average for the Community, fell by one tenth of a point between February and March, to 10,5 %. Easier conditions have been evident in the German money market since the beginning of the year, and in March the banks in the United Kingdom reduced their base rates by half a point. In France, money-market rates have been stable, while there were slight rises in Denmark, Ireland, Italy and the Netherlands. At the end of the month, US short-term rates firmed significantly. In February, the long-term interest rate, on average for the Community, fell by four tenths of a point as a result of a fall in the yield on long-term government bonds in the Federal Republic of Germany, Greece, the Netherlands and, particularly, in Italy, where the yield fell by seven tenths of a point. In February, for the first time in many years, the average long-term interest rate in the Community was lower than the US long-term rate.

Retreat of dollar in March. — The exchange rate of the dollar *vis-à-vis* the ECU moved irregularly during the month of March, but on average for the month fell by 3,4 % compared with February, reversing most of the gain it had recorded since October 1983. The yen, by contrast, was more or less stable against the ECU on average for March, and thus rose significantly against the dollar after a long period of stability in the yen/dollar rate. Within the exchange-rate mechanism of the EMS there was little change in the relative positions of the currencies during March. The most notable developments were a period of weakness for the Italian lira, which fell into the narrow fluctuation band for a short time at the end of the month before recovering at the beginning of April, and a somewhat better performance of the Belgian franc at the end of the month. The latter currency remained close to its EMS floor throughout the month, but by the end of the month was back up to the divergence threshold. On average for the month of March, sterling fell by 2,4 % against the ECU.

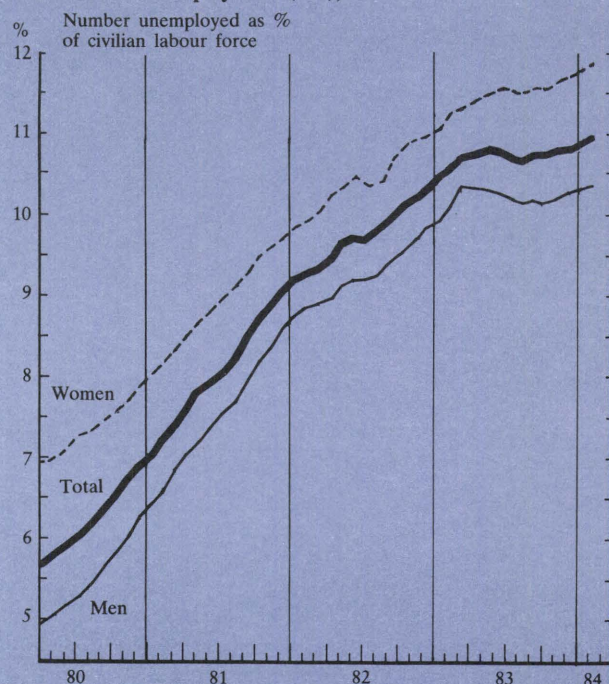
11 April 1984

GRAPH 1 : Industrial production and gross domestic product (s.a.) - EC total



¹ France, Germany, Italy and UK: quarterly figures

GRAPH 2 : Unemployment (s.a.), EC 9



The economic situation in the Community

(Communication from the Commission to the Council in accordance with Article 2 of the Convergence Decision of 18 February 1974)

I. Introduction

In December, the Council adopted the annual economic report for 1983-84 proposed by the Commission. The report included an analysis of the conditions for a sustainable economic recovery in Europe, based on information available in October.

In the light of developments in the intervening months, more precise, and indeed more encouraging estimates and forecasts can now be given for 1983 and 1984 even though uncertainties remain. Signs of recovery are increasingly numerous. The present estimate for real GDP growth in the Community in 1983 is better than expected at 0,9 % (revised upwards from 0,5 % forecast in the annual report), and the most recent forecast for 1984 is 2 % (revised upwards from 1,5 %).

The improvement in economic performance and outlook is due both to internal Community factors and to external factors :

- The staggered introduction of adjustment policies is now having a more favourable impact to the extent that the Member States whose corrective policies are most advanced exercise a positive cyclical influence on the economies of their partners. Further, within the Community, the trend in the Member States is now increasingly convergent; imbalances are being corrected in most countries on external account, budget positions and inflation.
- Outside the Community, the main external factor in the upward revision of forecasts of activity is the improvement in world trade, to which the US has made a substantial contribution. However, the future development of US interest rates, like that of the US dollar, is still problematic, dependent as it is on the main macroeconomic policy choices of the US authorities. What is more, the financial situation of a number of developing countries is still giving cause for concern at a time when their participation in the recovery of world trade is essential.

Despite the brighter cyclical outlook, there are still some clouds of uncertainty on the Community horizon. Accumulating imbalances in the situations of the major institutional sectors — in public finance, for example, or in the trend of companies' net incomes, which has long been too weak — make it necessary in many Member States to continue applying adjustment policies that have little margin for stimulating aggregate demand. The improvement now emerging is encouraging for this approach.

The unemployment situation continues to be seriously worrying. Unemployment again increased in 1983, though significantly less rapidly than in 1982. Even if the recovery were to be confirmed in 1984, there would still be a slight increase in the average level of unemployment, which could reach 11 % of the labour force as against 10,6 % in 1983. It should be noted, however, that the unemployment rate, on average for 1984, should be lower than that for 1983 in the Federal Republic of Germany and the United Kingdom.

The task of the Member States' macro-economic policies against this background will be to organize conditions in which the improvement in economic performance and outlook can be consolidated into a balanced recovery of activity.

II. Outlook for activity in 1984

(a) Better results at the end of 1983

In the closing months of 1983, business surveys recorded a pronounced improvement in the economic climate in the Community. In the fourth quarter, capacity utilization increased in almost all the Member States, and the Community share-price index continued to rise, with increases recorded in every country except Italy.

Out-turns in the closing months of 1983 were in general better than expected: annual results for Belgium, the Federal Republic of Germany, Greece, France, the Netherlands and the United Kingdom were slightly up on the October forecasts. Real GDP growth on average for the Community was 0,8 % in 1983, compared with the earlier estimate of

0,5 %. The most marked improvement occurred in Germany, where real GDP expanded at an annual rate of 5,3 % during the fourth quarter, and in the United Kingdom, where the annual rate of growth has been 2 % or 3 % for the past two years.

The improvement in the Community's growth rate in 1983 was mainly the result of the trends in consumption and stockbuilding in the UK and Germany, the countries where the recovery is already under way. As growth was boosted by domestic demand, the rate of expansion of import volume also increased somewhat, but the increase in world trade stimulated exports, so that the balance on goods and services also made a slight positive contribution to growth.

The major increase in US imports (+ 25 % at an annual rate in the second half of 1983) underpinned world trade and helped to produce the expansion at an annual rate of 6,6 % in the second half of 1983, up from 2,5 % in the first half.

Volume of imports			
	1982	1983	1984 ⁽¹⁾
EC	+ 2,4 %	+ 1,7 %	+ 3,5 %
USA	+ 1,3 %	+ 12,1 %	+ 14,7 %
OECD	+ 1,0 %	+ 3,8 %	+ 6,6 %
World	- 0,1 %	+ 1,7 %	+ 5,0 %

(¹) Forecasts.

(b) The factors of dynamism in 1984

Signs that activity will continue to improve in 1984 are increasingly apparent :

- There is a steady improvement in the opinions of businessmen in the Community on the outlook for Community output; optimism is strongest in Germany and the UK, but there is a more uncertain trend in France and Italy.
- Investment intentions in manufacturing for this year are encouraging : they imply an increase for the Community as a whole, both nominally (10 %) and in volume terms (4,7 %), after a nominal increase of 3 % and a volume decline of 3 % in 1983. The outlook for increased industrial investment is particularly good in Denmark and the Netherlands, but substantial growth may also be achieved in France and the UK.

The main factor in the consolidation of the recovery in 1984 will probably be investment. After declining in real terms for the past three years, gross fixed capital formation in the Community should expand by a little over 2 % on average during the year. This figure takes account of growth of between 3,5 % and 7 % in annual terms in five Member States (Belgium, Denmark, Germany, Italy and the UK) in the second half-year. Last year's considerable increase in firms' market capitalization will help to boost investment this year. At the same time, further disinflation should make for a slight increase in households' real disposable incomes, so that real private consumption could expand by an average of 1,1 % in the Community in 1984 compared with 0,9 % in 1983.

The development of the Community's trade balance is also expected to contribute to recovery. Forecasts of world trade point to a substantial expansion of import flows in 1984 (+ 5 % in volume). An increase in Japan's import capacity is expected to reinforce the stimulus afforded by the expansion of US imports. As the industrialized countries import more, this should in turn allow the developing countries to increase their own imports. The Community's trade balance could therefore make a net contribution to growth equal to about 0,6 points of GDP.

However, there are other factors, less favourable to growth, to be taken into account. The dollar prices of raw materials other than oil are rising, sometimes substantially. If the dollar remains strong, the Community's terms of trade might deteriorate slightly this year. On the other hand, the trend of raw material prices will help to restore the external positions

of the developing countries, whose trade deficits and current account deficits should contract further on average in 1984, after the improvement begun in 1983.

Another factor affecting growth in Europe is the development of real interest rates. These rates are high at the moment, and in view of the uncertain prospect of a decline they could be a factor inhibiting investment. However, the risk is limited by the improvement returns on capital, which encourage investment.

(c) Trend in unemployment

Unemployment continued to rise in 1983, although more slowly than in 1982. At the end of January 1984, the number (not seasonally adjusted) of unemployed in the Community reached 12,9 million, 600 000 more than at the end of January 1983. It seems, however, that during 1983 there was a slowing of the increase in unemployment followed by some stabilization of the unemployment rate. In 1984, taking account of the likely development of the labour force, the recovery of activity will not yet bring a reduction in the rate of unemployment overall, though the trend should be more favourable towards the end of the year. This outlook for the Community as a whole is the result of prospects which differ somewhat among the Member States. Thus in the Federal Republic of Germany and the United Kingdom a reduction in unemployment is likely, the first since 1979.

III. International uncertainty

The key question now is whether the European recovery combined with US expansion will result in lasting economic growth for the industrialized countries and, by extension, the developing countries.

A balanced mix of fiscal and monetary policy is a condition for the sustainability of the recovery. From this point of view, the situation in the United States is a source of problems: in 1983, a sizeable deficit (which looks set to persist) in combination with a far from accommodating monetary policy, produced a renewed rise in US interest rates and further appreciation of the dollar. The expectation in US markets that the monetary authorities will not relax their restrictive stance is maintaining pressure on interest rates. As inflation has declined, real interest rates in the USA have now become extremely high.

Although US budget deficits have probably had a substantial favourable short-run effect on the recovery in the USA, they will prevent the balanced, and thus lasting, development of US growth if they persist over the medium term, by creating imbalances in monetary and financial markets and by crowding out the private sector. In consequence, if no corrective measures are taken, there is a risk of unbalanced and thus fragile growth followed by a new phase of stagnation.

Capital movements into dollars have been encouraged by vigorous US growth, high interest rates and the rise in the US stock market. However, the substantial widening of the trade deficit, the declining competitiveness of US firms and the outlook for continuing high real interest rates (and hence high borrowing costs) now seem likely to inhibit activity in the US. As long as no steps are taken to correct US budget deficits, it is difficult to foresee a relaxation of pressure on interest rates. The future development of the dollar will be determined by the interplay of two opposing forces: the high yield obtainable on dollar investments, which supports the dollar, and the increase in the external deficit combined with the expectation of renewed inflation and perhaps a slowdown in activity, which can work in the opposite direction.

The uncertainties could be greatly reduced if action were under way to remedy the US budget deficit, and if economic policies were better coordinated among the major industrialized trading partners. A better mix of macro-economic policies in the US would give the Community a wider margin of manoeuvre for monetary and financial policies.

Lasting growth in the industrialized countries would be an enormous help to the developing economies. Increased demand for their exports could combine with an improvement in their terms of trade to lead to a gradual improvement in their external accounts. The burden of their debt would be lightened if interest rates began to fall again.

IV. Improved economic convergence

(a) Outturns more convergent

Disinflation is continuing: inflation rates fell in all the Member States in 1983, and are expected to fall further in 1984 in all but three. This reduction in inflation should, as in 1983, continue to go in tandem with a reduction in inflation differentials. The average inflation rate of 6,2 % in 1983 masked a range of performance (with one country excluded) stretching from 2,7 % to 14,5 %. In 1984, inflation rates should be in the range 3,1 % to 10 % (with one country again excluded), and the average rate should be down to 5,2 %. The continued slowdown in inflation is thus likely to be accompanied by a further narrowing in the dispersion of performance among Member States. It is also noteworthy that, along with this development, unit labour costs in industry should again decelerate, rising by only 3 % on average.

The budget deficit on average for the Community, which rose from 5,4 % of GDP in 1982 to 5,7 % in 1983, could decline in 1984 for the first time since 1980, and amount to 5,2 %; however, the deficit as a percentage of GDP may increase slightly in Greece, France and the Netherlands.

External accounts will continue to improve: the Community's visible trade surplus as a percentage of GDP will rise by three tenths of a point to 0,9 % of GDP this year, and the current account will return to surplus, to the extent of 0,3 % of GDP. Visible trade and current accounts should improve in all the Member States in 1984, with the possible exception of Greece and the United Kingdom.

(b) Favourable desynchronization of economic cycles in the Community

Community averages for the development of macro-economic aggregates mask differences in the cyclical situations of the Member States, mainly due to the desynchronized introduction of stabilization measures and the varying severity of the imbalances requiring correction.

Real consumption by households began to lose momentum as early as 1981 in Germany, Ireland, Luxembourg and the Netherlands, but not significantly until 1983 in Belgium, France and Italy. In 1984, real consumption might remain stable or even decline a little in some Community countries. The improvement in the outlook for investment this year, on the other hand, seems to be a general feature of most of the Member States.

The improved economic outlook is the successful result of efforts made in all the Member States, even though some made an earlier start than others, and the methods used were not everywhere the same. The two countries that introduced adjustment policies earliest, Germany and the United Kingdom, are also the two where the economic upswing is furthest advanced.

The other Member States, can, through the increase in export demand, turn to their advantage the position of those economies further advanced in the cycle to pursue their own adjustment policies. In 1984, the contribution of the balance on goods and services to real GDP growth is expected to exceed that of growth in Belgium, France, Ireland and Luxembourg.

(c) Convergence of economic policies

The day-to-day working of the European Monetary System provides clear evidence of the advantage of belonging to a stable currency area in a particularly unstable global monetary environment. This increases both the attractiveness of the EMS and the support it gives to economic policy coordination. There is increasingly broad consensus in the Community on the stance of economic policy.

There are now a number of points in common in the policy stance in the Member States:

- Priority is given to reducing structural budget deficits through measures seeking to limit the expansion of public expenditure. At the same time, the Member States are doing their best to contain or even reduce the share of compulsory levies in GDP.
- Monetary policy stances are being kept non-inflationary, and the channelling of savings into investment is being encouraged.

- Further efforts are being made to eliminate rigidity, so as to improve the flexibility of markets and the adaptability of the European economies.
- The Member States have recognized the importance of innovation and investment in trading sectors; restructuring in productive sectors is intended to improve the productivity of both capital and labour.
- Wages policies have been reorganized to slow down the increase in labour costs and restore profitability. It has gradually become accepted in all the Member States that wage negotiations must take account of the productivity constraint and the aim of disinflation.

V. Conclusions

The development of the Community economy in 1984 should show an improvement compared with 1983. For the first time since 1979, the Community is engaged in the process of recovery, underpinned both by the first fruits of the adjustment policies which have been followed and by a strong recovery in world trade, set fair to re-attain its past rate of growth. The recovery in the Community is likely to be marked by a strong pick-up in investment, a further slowdown in inflation and increased convergence of economic performance.

Despite these prospects, the likely trend in unemployment in the Community as a whole in 1984 remains very worrying. Even if its rate of increase is clearly slowing down, unemployment could reach 11 % of the labour force on average for 1984. Some improvement, none the less, can already be observed in some Member States (Federal Republic of Germany, United Kingdom).

Trends in 1984 will continue to be influenced by the high degree of uncertainty surrounding the international environment, especially because of the prospect that real interest rates will remain too high and because of the uncertain development of the dollar's exchange rate.

The essential tasks for 1984 must be those of consolidating the recovery movement, continuing to seek a more stable monetary and financial environment internationally, and maintaining open markets.

Internally, more convergent results and a better coherence of policies, at the same time as the desynchronization of economic trends, must permit, especially in the countries which have not yet been able to complete their process of adjustment, the required follow-through of the stabilization policies and structural adaptation policies so far undertaken and thus allow an increasing degree of participation, on a solid base, in the economic recovery. The economic guidelines agreed last December should thus be maintained. In this respect, it is important that measures to reduce structural disequilibria should be maintained and that signs of cyclical improvement should not be accompanied by a relaxation of the efforts undertaken to reinforce the capacity for innovation and to improve competitiveness. On this will depend a lasting improvement in employment.

NOTE : The economic forecasts elaborated by the Commission services were presented in the February 1984 number of Supplement A. Consequently a set of tables accompanying the Communication and presenting those forecasts has not been included in the present number.

TABLE A.1 : Industrial production¹ - Percentage change on preceding period (s.a.)

	1979	1980	1981	1982	1983	1982	1983				1984					1984	Change over 12 months % ²
						IV	I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.	
B	4,3	-1,0	-2,9	0	2,3	0	0,9	0,1	2,4	1,0	0,2	0,4	-0,4	1,5	1,1	-3,2	4,7
DK	3,6	0,2	0,3	2,4	3,3	1,2	1,4	2,1	-0,1	1,7	-8,3	8,7	0,2	-5,9	7,3	0,3	12,6
D	5,1	0,2	1,8	-3,0	0,5	-1,4	1,6	2,0	-0,4	3,1	-3,0	0,4	1,3	0,2	1,7	0,5	7,7
GR	6,0	0,9	-0,6	-4,2	0,1	2,4	2,4	-1,8	0,4	-0,3	-2,8	3,5	-2,2	1,2	-0,5	-2,3	-0,7
F	4,7	-0,7	-2,3	-1,5	(0,8)	0,8	0,8	1,0	0,8	-0,3	1,6	0	-1,5	-1,6	3,9	-0,8	5,2
IRL	7,7	-0,8	0,6	-0,4	6,6	1,8	5,1	-2,9	3,7	3,4	4,2	-4,4	1,4	0,7	0,6	8,4	19,3
I	6,7	5,0	-2,2	-3,1	-2,4	-0,7	0,6	-4,7	1,7	1,5	3,7	-2,3	2,2	-1,3	6,8	-6,8	-3,0
L	3,4	-3,3	-6,8	-3,7	1,1	-4,2	-1,2	2,6	2,6	9,2	8,8	-4,6	4,7	5,0	-0,8	8,9	32,3
NL	2,8	0	-0,9	-3,6	0,9	0,6	3,5	-1,2	-0,9	3,4	3,8	-3,7	0	1,9	2,8	2,7	8,5
UK	3,8	-6,5	-3,7	1,8	(2,7)	-0,4	1,3	0,1	1,7	0,8	2,4	-0,1	0,7	-0,1	0,2	1,1	4,5
EC	4,7	-0,5	-2,3	-1,6	(0,7)	-1,3	0,5	0,8	(1,3)	(1,4)	0	0,7	1,0	(-0,9)	(1,8)	(0,7)	(5,1)
USA	4,7	-4,5	2,5	-8,5	(7,8)	-2,3	2,9	4,9	5,3	(2,4)	2,2	1,5	1,4	(0,8)	(0,2)	(0,3)	(16,4)
JAP	7,3	4,7	1,0	0,3	(3,5)	-1,2	0,9	1,5	3,4	(2,4)	0,2	2,8	(1,7)	(-1,1)	(2,1)	(0,5)	(10,0)

TABLE A.2 : Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1979	1980	1981	1982	1983	1982	1983				1983					1984	Change over 12 months % ²
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
B	(8,4)	(9,1)	(11,2)	(13,1)	14,4	13,8	14,1	14,3	14,5	14,6	14,6	14,8	14,8	14,6	14,5	14,5	2,6
DK	5,8	6,7	8,9	9,5	(10,3)	9,5	10,0	10,4	10,3	(10,2)	10,2	10,3	10,6	(10,1)	(9,9)	(10,3)	(0,9)
D	3,3	3,3	4,7	6,8	8,4	7,7	8,5	8,6	8,6	8,4	8,6	8,6	8,3	8,3	8,4	8,4	0
F	6,0	6,4	7,8	8,8	9,0	9,1	9,0	8,9	8,9	9,1	8,9	8,9	8,9	9,1	9,3	9,3	8,6
IRL	7,4	8,3	10,2	12,3	15,0	13,4	14,3	14,9	15,2	15,6	15,1	15,3	15,4	15,5	15,8	16,1	14,7
I	7,5	8,0	8,8	10,5	11,8	11,2	11,6	11,7	11,8	12,1	11,9	11,8	12,0	12,1	12,2	12,3	8,4
L	0,7	0,7	1,0	1,3	1,6	1,4	1,5	1,5	1,6	1,7	1,6	1,5	1,6	1,7	1,7	1,8	25,7
NL	(5,5)	(6,2)	(8,8)	(11,7)	14,2	13,0	13,6	14,1	14,5	14,7	14,6	14,6	14,6	14,7	14,7	14,8	10,1
UK	4,9	(6,3)	(9,3)	(10,7)	(11,7)	11,2	11,5	11,8	11,6	11,8	11,5	11,8	11,7	11,7	11,8	11,9	4,8
EC ⁹	(5,5)	(6,1)	(7,8)	(9,5)	(10,6)	10,0	10,4	10,6	10,6	10,7	10,6	10,7	10,7	(10,7)	(10,8)	(10,9)	(5,5)
USA	5,8	7,1	7,6	9,7	(9,6)	10,6	10,4	10,1	9,4	8,5	9,5	9,2	8,8	8,4	8,2	8,0	-22,1
JAP ⁹	2,1	2,0	2,2	2,4	2,7	2,4	2,7	2,7	2,7	2,6	2,8	2,8	2,6	2,6	2,6	2,8	(15,4)

TABLE A.3 : Consumer price index - Percentage change on preceding period

	1979	1980	1981	1982	1983	1982	1983				1983					1984	Change over 12 months % ²
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
B	4,5	6,6	7,6	8,7	7,7	1,9	1,7	1,3	2,5	1,2	1,0	0,7	0	0,5	0,2	0,9	7,1
DK	9,6	12,3	11,7	10,1	6,9	2,5	0,8	1,5	1,2	2,0	0,5	1,1	0,5	0,9	0	0,3	6,3
D	4,1	5,5	5,9	5,3	2,9	0,7	0,5	0,6	1,0	0,5	0,3	0,2	0	0,2	0,2	0,5	3,1
GR	19,0	24,9	24,5	21,0	20,5	5,6	5,4	6,9	0,8	5,8	-0,3	3,8	2,0	1,3	1,6	1,2	18,8
F	10,7	13,6	13,4	12,0	9,4	1,9	2,6	2,8	2,1	1,9	0,6	0,7	0,8	0,4	0,3	0,7	9,0
IRL ⁷	13,2	18,2	20,4	17,2	10,2	1,6	2,5	2,8	2,9	1,8	(0,9)	(0,6)	(0,6)	(0,6)	(0,8)	(0,8)	10,2
I	14,8	21,2	19,5	16,4	14,7	4,5	3,6	2,9	2,3	3,5	0,5	1,3	1,5	1,1	0,4	1,2	(12,0)
L	4,5	6,3	8,1	9,4	8,7	2,5	2,0	0,9	2,7	2,3	0,7	1,0	0,9	0,5	0,5	0,6	7,8
NL	4,3	7,0	6,8	6,0	2,8	0,9	0,1	0,7	0,9	1,0	0,3	0,4	0,5	0,2	0	0,2	3,5
UK	13,4	18,0	11,9	8,6	4,6	0,7	0,5	2,0	1,3	1,1	0,4	0,5	0,3	0,4	0,3	0	5,1
EC	10,4	14,3	12,9	11,0	8,5	2,1	2,0	2,3	1,7	2,0	0,4	0,9	0,8	0,6	0,3	0,7	(7,9)
USA	11,3	13,5	10,3	6,2	3,2	0,2	0	1,3	1,2	0,9	0,3	0,5	0,3	0,2	0,1	0,6	4,5
JAP	3,6	8,0	5,0	2,6	1,7	0,9	-0,4	1,1	-0,4	1,2	-0,3	1,3	0,9	-0,6	-0,3	0,3	3,0

TABLE A.4 : Volume of retail sales - Percentage change on preceding period (s.a.)

	1979	1980	1981	1982	1983	1982	1983				1984					1984	Change over 12 months % ²
						IV	I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.	
B	3,9	1,2	-3,3	-1,3		0,9	-4,2	-5,3	3,2		2,1	1,8	-0,3	6,4			-8,9
DK	2,2	-1,5	-0,6	1,5	1,5	-0,2	2,5	-2,6	4,7	-1,7	-0,3	0,1	2,9	-5,3	4,0	-2,4	2,3
D	2,6	0,2	-2,6	-2,6		-0,6	2,3	0,4	-1,1		-9,3	4,7	3,9	-7,0	4,5		1,3
GR	-2,1	-3,5	-3,3	-3,7		1,9	-0,6	-1,7	1,4		1,3	-3,3	3,2	0,8			-0,3
F	2,3	-0,4	0,7	1,8	-2,7	1,9	0,1	-4,6	1,0	-8,5	-1,1	3,8	1,2	-9,4	7,6	-1,9	-0,5
IRL	3,4	-0,7	-0,6	-5,4		2,8	-1,5	-5,2	0,1		-4,8	2,8	3,9	1,2	-0,7		1,3
I	7,3	2,7	2,2	4,6	1,5	1,9	-1,4	0,5	1,8	2,5	-5,5	7,0	-2,5	0,1	2,5	0,6	5,0
NL	-0,3	-3,8	-4,9	-2,7		-1,0	-0,4	0,4	0,8		-1,7	-1,7	5,2				4,1
UK	4,3	0	1,2	2,6	(5,6)	1,4	0,5	2,3	1,0	2,2	-0,1	-0,9	3,9	-1,7	1,5	2,1	7,0
EC	3,4	0,2	-0,5	0,7		0,9	0,3	-0,7	0,8		-4,0	3,2	1,9	(-4,5)	(4,2)		(2,1)
USA	2,2	-2,9	1,4	-1,4	6,6	2,4	0,3	4,9	0,4	2,4	-0,1	-2,0	1,2	1,5	(1,4)	(-0,2)	(10,1)
JAP	3,6	-8,9	1,8	0,7	1,0	-1,8	1,9	-0,2	2,1	-1,0	5,0	0,9	-3,6	(2,7)	(-2,6)	(0,2)	(2,3)

TABLE A.5 : Visible trade balance - fob/cif, million ECU (s.a.)

	1979	1980	1981	1982	1983	1982	1983				1984					1984	Change over 12 months % ³
						IV	I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.	
B/L	-2064	-4993	-5418	-3082		-133	-170	-176	-373		-112	153	-414	-325			-649
DK	-3022	-2116	-1475	-1866	-740	-571	-174	-240	-115	-244	54	-57	-112	-73	10	-181	-135
D	8939	3615	11239	21599	18501	5718	5945	4614	4112	4053	1161	1664	1287	1428	1302	1323	-1158
GR	-4162	-3853	-3951	-5826	-5800	-1457	-1270	-1664	-1052	-1550	-426	-337	-288	-355	-340	-854	-267
F	-6194	-16948	-17283	-24457	-15628	-6850	-6095	-4301	-3137	-2507	-1131	-1284	-723	-705	-1175	-626	565
IRL	-1947	-1893	-2467	-1574	-621	-300	-298	-92	-53	-139	35	-77	-11	-73	-67	1	116
I	-3893	-15307	-13554	-12513	-8516	-2502	-2651	-1887	-2369	-1562	-384	-1172	-813	-438	189	-1314	-539
NL	-2622	-2981	1320	3500	4499	548	944	1270	843	1099	404	69	369	0	600	498	187
UK	-7998	-3353	-445	-3295	-9681	118	-2182	-2781	-2465	-2573	-1193	-695	-578	-1365	-925	-282	-84
EC ⁸	-22962	-47829	-32034	-27515	(-19396)	-6077	-5396	-5354	-4491	(-4153)	-1485	-1747	-1259	-1944	(-438)	(-1771)	(98)
USA	-27146	-26113	-35538	-43518	-77969	-13727	-11506	-17941	-22955	-26373	-7247	-8405	-7303	-9737	-8442	-8193	(-7775)
JAP	-5541	-7707	7832	7034	(23072)	1627	4440	5705	6571	(6432)	2603	2370	1599	(1750)	(2511)	(2171)	(1451)

Source: for Community countries: Eurostat, unless otherwise specified; for the USA and Japan: national sources.

¹ National sources, except for the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in methods of seasonal adjustment, the change in the EC index, adjusted by Eurostat and given in Table 1 may differ from the change in the EC index obtained by aggregating national indices. Data are adjusted for working days. They do not include building; data for France do not include food products and drinks.² % change over 12 months on the basis of the non-adjusted nominal series for the most recent figure given.³ Change on corresponding month in previous year; seasonally adjusted.⁴ Change over 12 months in seasonally adjusted figures for the most recent figure given for each country.⁵ Difference in relation to the same month of the previous year.⁶ As % of total labour force.⁷ Monthly series calculated by linear interpolation.⁸ The seasonally adjusted position for the Community does not correspond to the sum of positions of the Member States; it is obtained by seasonal adjustment of the sum of gross figures for the various countries' exports and imports.

TABLE A.6 : Money stock⁹ - Percentage change on preceding period (s.a.)

							1982	1983					1983					1984		Change over 12 months % ⁴
		1979	1980	1981	1982	1983	IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.		
B	(M2)	6,2	2,7	5,9	5,9	8,7	0,0	0,6	1,5	3,6	2,8	⋮	⋮	⋮	⋮	⋮	⋮	⋮	8,7	
DK	(M2)	10,6	7,8	9,0	11,5	24,7	3,0	5,9	7,5	5,3	3,9	1,7	2,9	0,2	0,1	3,6	1,3	1,3	23,7	
D	(M3)	6,0	6,2	4,8	7,1	5,7	1,1	2,5	1,0	1,4	0,6	0,3	0,2	0,5	0	0,1	-0,1	-0,1	3,9	
GR	(M3)	18,4	24,7	34,7	29,0	(19,9)	6,4	1,8	4,9	4,4	(6,4)	1,6	1,8	2,5	1,2	(2,6)	(1,2)	-0,1	(19,9)	
F	(M2)	14,7	10,0	11,5	11,7	(11,1)	1,4	2,5	2,5	1,2	(4,5)	0,4	-0,1	1,8	1,3	(1,4)	(0,2)	⋮	(9,4)	
IRL	(M3)	19,0	17,9	17,6	12,9	5,6	2,4	-0,9	1,7	1,2	3,5	-0,4	1,0	-0,1	2,4	1,2	1,7	-1,5	5,4	
I	(M2)	20,3	12,7	10,0	17,0	13,2	6,5	2,0	3,6	4,5	2,8	1,5	1,3	0,6	-0,4	2,7	⋮	⋮	13,2	
NL	(M2)	7,0	3,8	5,3	8,8	10,6	-0,1	5,5	2,5	1,6	1,5	0	1,4	0	1,9	-0,3	⋮	⋮	10,6	
UK	(M3)	11,7	19,6	13,9	10,3	10,8	2,1	2,4	3,9	0,5	3,6	0,1	-0,4	1,4	0,6	1,5	0,6	0	9,9	
EC ¹⁰		11,9	10,9	9,7	10,9	(9,8)	2,2	2,5	2,6	1,8	(2,6)	0,5	0,4	1,0	0,5	(1,2)	⋮	⋮	(9,9)	
USA	(M2)	7,9	8,9	10,1	9,2	11,5	2,2	5,6	2,1	1,5	1,8	0,5	0,4	0,8	0,6	0,5	⋮	⋮	11,5	
JAP	(M2)	9,1	7,2	11,0	7,9	7,3	1,4	1,5	1,6	2,3	1,6	-0,3	1,0	-0,2	0,8	1,1	⋮	⋮	7,3	

TABLE A.7 : Short-term interest rates¹¹

		1979	1980	1981	1982	1983	1983				1984				1983				1984			Change over 12 months % ⁵
							I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.	March				
B		10,9	14,2	15,6	14,1	10,5	12,3	9,5	9,3	11,0	12,4	9,3	9,5	10,8	11,0	10,9	12,5	12,4	-0,1			
DK		12,5	16,9	14,9	16,4	12,1	18,2	5,4	13,7	13,1	11,4	13,7	11,7	9,3	13,1	12,5	11,0	11,4	-6,8			
D		6,9	9,5	12,3	8,8	5,8	5,3	5,6	5,8	6,5	5,8	5,8	6,2	6,5	6,5	6,1	5,9	5,8	0,5			
GR		.	11,0	16,8	20,2	19,4	19,6	14,0	11,8	10,0	15,8	11,8	15,0	16,8	10,0	13,3	17,3	15,8	-3,8			
F		9,8	12,3	15,6	14,6	12,5	12,3	12,6	12,6	12,3	12,6	12,6	12,3	12,3	12,3	12,3	12,6	12,6	0,3			
IRL		16,0	16,2	16,6	17,5	14,1	17,3	13,7	12,6	12,3	13,0	12,6	12,8	12,3	12,3	12,4	12,7	13,0	-4,3			
I		12,0	17,6	20,0	20,1	18,1	19,4	17,8	17,5	17,9	17,4	17,5	17,6	17,9	17,9	17,9	17,2	17,4	-2,0			
NL		9,6	10,6	11,8	8,3	5,7	4,3	5,4	6,2	6,1	6,1	6,2	6,1	6,3	6,1	6,0	6,1	6,0	1,8			
UK		13,9	16,8	14,2	12,2	10,1	10,9	9,7	9,7	9,4	8,9	9,7	9,3	9,3	9,4	9,4	9,3	8,9	-2,0			
EC ¹²		10,3	13,4	15,0	13,2	10,8	11,1	10,3	10,5	10,6	10,5	10,5	10,5	10,7	10,6	10,6	10,6	10,5	-0,6			
USA		10,1	11,6	14,0	10,6	8,7	8,6	8,7	8,8	9,0	9,7	8,8	8,6	8,9	9,0	8,9	9,1	9,7	1,1			
JAP		5,9	10,9	7,4	6,9	6,4	6,7	6,2	6,5	6,4	.	6,5	6,4	6,0	6,4	6,1	.	.	-0,5			

TABLE A.8 : Long-term interest rates¹³

		1979	1980	1981	1982	1983	1982				1983				1983				1984			Change over 12 months % ⁵
							IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.				
B		9,7	12,2	13,8	13,5	11,8	12,7	12,5	11,6	11,4	11,9	11,5	11,4	11,3	11,8	11,9	12,0	12,4	-0,2			
DK		16,7	18,7	19,3	20,5	14,4	19,4	14,7	14,3	13,7	12,6	14,3	13,7	13,6	13,9	12,6	12,9	13,4	-2,2			
D		7,4	8,5	10,4	9,0	7,9	7,9	7,4	8,0	8,3	8,2	8,3	8,3	8,1	8,1	8,2	8,2	8,0	0,4			
GR		11,2	17,1	17,7	15,4	18,2	13,8	17,9	18,0	18,8	19,7	18,7	18,8	19,2	19,3	19,7	21,1	19,9	2,1			
F		10,9	13,7	16,3	16,0	14,4	15,5	14,7	14,5	14,0	14,0	14,0	14,0	14,1	14,1	14,0	13,8	13,9	-1,0			
IRL		15,1	15,4	17,2	17,0	13,9	14,5	14,0	13,6	13,7	14,2	13,6	13,7	13,8	13,7	14,2	13,9	14,2	-0,1			
I		14,1	16,1	20,6	20,9	18,0	20,5	18,2	17,9	17,6	17,4	17,8	17,6	17,4	17,4	17,4	16,6	15,9	-3,3			
L		6,8	7,4	8,6	10,4	9,8	10,9	10,4	9,8	9,3	9,5	9,3	9,3	9,4	9,5	9,5	.	.	-1,4			
NL		9,2	10,7	12,2	10,5	8,8	8,4	8,0	9,7	9,1	8,9	9,4	9,1	8,7	8,9	8,9	8,9	8,7	0,7			
UK		13,0	13,9	14,8	12,7	10,8	11,0	10,8	10,5	10,5	10,2	11,1	10,5	10,5	10,2	10,2	10,4	10,4	-0,9			
EC ^{10,12}		10,9	12,7	14,9	14,0	12,2	12,9	12,1	12,2	12,0	11,9	12,2	12,0	12,0	11,9	11,9	(11,8)	(11,4)	(-1,0)			
USA		8,7	10,8	12,9	12,2	10,8	10,3	10,3	10,6	11,3	11,4	11,4	11,3	11,4	11,2	11,4	11,3	11,8	1,2			
JAP		7,7	9,2	8,7	8,1	7,4	7,5	7,6	7,5	7,3	6,9	7,5	7,3	7,2	7,1	6,9	6,9	.	-0,9			

TABLE A.9 : Value of ECU - 1 ECU = ... units of national currency or SDR

		1979	1980	1981	1982	1983	1983				1984				1983				1984			Change over 12 months % ⁵
							I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.	March				
BFR/LFR		40,17	40,60	41,29	44,68	45,44	44,87	45,22	45,69	45,94	45,90	45,85	45,91	45,97	45,96	46,07	45,96	45,69	2,6			
DKR		7,21	7,83	7,92	8,15	8,13	8,09	8,08	8,18	8,17	8,18	8,17	8,15	8,16	8,18	8,18	8,19	8,18	1,2			
DM		2,51	2,53	2,51	2,38	2,27	2,28	2,27	2,28	2,26	2,24	2,27	2,25	2,26	2,26	2,26	2,24	2,23	-1,2			
DR		50,78	59,24	61,62	65,30	78,09	78,32	76,67	76,50	81,11	84,90	78,98	80,43	81,11	81,19	82,33	84,45	87,91	11,9			
FF		5,83	5,87	6,04	6,43	6,77	6,53	6,81	6,85	6,88	6,90	6,86	6,89	6,88	6,89	6,90	6,91	6,88	4,6			
IRL		0,669	0,676	0,691	0,690	0,715	0,692	0,718	0,723	0,727	0,728	0,725	0,727	0,727	0,727	0,729	0,728	0,729	5,0			
LIT		1138	1189	1263	1324	1350	1326	1347	1355	1371	1382	1364	1370	1371	1370	1371	1385	1388	3,6			
HFL		2,75	2,76	2,78	2,62	2,54	2,52	2,55	2,55	2,53	2,53	2,54	2,53	2,54	2,54	2,54	2,53	2,52	0,1			
UKL		0,646	0,598	0,553	0,561	0,587	0,619	0,586	0,570	0,574	0,579	0,568	0,578	0,571	0,573	0,571	0,577	0,591	-6,2			
USD		1,371	1,391	1,116	0,981	0,890	0,948	0,912	0,861	0,840	0,832	0,852	0,866	0,844	0,822	0,804	0,831	0,860	-8,3			
YEN		300,5	315,0	245,4	243,5	211,4	223,2	216,6	208,7	196,3	191,9	206,5	201,7	198,2	192,6	188,0	194,0	193,8	-13,1			
SDR		1,061	1,068	0,946	0,888	0,833	0,868	0,846	0,817	0,802	0,792	0,811	0,815	0,802	0,788	0,776	0,792	0,808	-6,5			

TABLE A.10 : Effective exchange rates: export aspect¹⁴ - Percentage change on preceding period

						Percentage change on preceding period													Change over 12 months % ⁵
						1983				1984				1983				1984	
	1979	1980	1981	1982	1983	I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.	March		
B/L	1,2	- 0,5	- 5,4	-9,2	- 2,0	1,2	-1,1	-1,8	-1,1	-0,1	-0,4	0	-0,5	-0,4	-0,6	0,9	1,1	- 4,0	
DK	-0,8	- 7,9	- 6,8	-4,0	0,1	2,2	-1,2	-2,7	-0,4	-0,6	0,5	0,4	-0,7	-0,8	-0,5	0,8	0,8	- 4,2	
D	4,8	0,4	- 5,2	5,1	4,5	2,6	0,3	-1,8	0,1	0,4	0,4	1,2	-1,1	-0,5	-0,5	1,7	1,4	- 0,9	
GR	-5,4	-13,5	- 9,4	-7,3	-17,2	-15,3	2,2	-0,8	-6,3	-5,1	-3,8	-1,6	-1,5	-0,8	-2,0	-1,5	-3,3	-12,7	
F	0,9	0,4	- 8,7	-8,0	- 6,2	1,5	-5,3	-2,0	-1,2	-0,5	-0,1	-0,1	-0,6	-0,8	-0,9	1,0	1,2	- 7,0	
IRL	0,2	- 2,0	- 8,3	-1,1	- 3,4	2,2	-5,4	-2,5	-1,0	-0,3	-0,3	0,4	-1,0	-0,4	-0,8	1,1	1,1	- 7,8	
I	-3,2	- 3,7	-12,2	-6,7	- 3,4	1,2	-2,5	-1,9	-2,0	-1,3	-0,8	-0,3	-0,7	-0,6	-0,8	0,1	0,6	- 6,4	
NL	1,8	0,1	- 5,0	5,5	2,4	1,4	-1,6	-0,9	0	-0,2	0,3	0,8	-0,8	-0,5	-0,6	0,9	1,1	-2,0	
UK	6,2	10,1	1,1	-4,6	- 7,0	- 9,2	4,9	1,2	-1,8	-1,6	-0,2	-1,7	0,6	-1,3	-0,4	0	-1,6	3,5	
ECU	5,9	2,2	-14,9	-5,3	- 4,8	-0,7	-2,3	-3,6	-2,5	-1,5	-0,2	0,1	-1,6	-1,8	-1,7	2,2	1,6	- 7,8	
USA	-3,3	- 0,3	14,0	12,2	8,1	- 1,9	2,8	3,9	0,6	0,8	0	-1,7	1,8	1,7	1,2	-1,9	-2,4	4,6	
JAP	-7,1	- 4,1	14,0	-4,8	9,8	9,7	1,3	0,6	4,5	2,1	0,7	3,4	0,3	1,6	1,3	-1,5	2,0	9,8	

Principal economic policy measures — March 1984

Community (EC)

12.3. The Council (ECO/FIN), on the basis of the communication from the Commission, presented in this number of Supplement A, undertook the first quarterly examination of the economic situation in the Community, in accordance with Article 2 of the "Convergence Decision" of 18 February 1974.

The Council concluded, in line with the Commission's proposal, that the guidelines for the economic policy for 1984, adopted by the Council in December last year, should not be modified.

The Council also undertook a review of the monetary collaboration in the Community after five years of operation of the EMS. In a declaration, it stated with satisfaction that the main objective of the EMS fixed by the Bremen European Council : to establish a closer monetary collaboration, aiming at creating a zone of monetary stability in Europe, has been reached. Ministers consider the EMS a valuable achievement and express a unanimous desire to preserve and strengthen the system.

Belgium (B)

31.3 Under its special powers due to expire the same day, the Government adopted a package of measures to correct the public finance situation. Most of them cover a three-year period, during which their yield will progressively increase. The central aspects are as follows :

Incomes : Private and public sector employees will forgo a 2 % indexation increase (equivalent to one indexation step) on their wages and salaries which will instead be paid into the social security system. In 1984, 1985 and 1986 the self-employed will pay — in advance — a moderation levy respectively of 2 %, 4 %, and 6 % of their business income. Starting in 1985, and for a three-year period, rent increases will have to be kept to the rate of wage indexation. Company's directors' shares of profits will not be permitted to rise by more than 4 % a year; the solidarity levy on incomes of over BFR 3 million will be prolonged for 1986 and 1987.

Social security : Persons in receipt of pensions, family allowances, unemployment benefit and invalidity benefit will have an amount equivalent to one indexation step withheld from their benefits in 1984, 1985 and 1986; however, guaranteed minimum incomes will be increased by 2 % in 1985 and 1986. A reform granting all unemployed persons in receipt of benefit the same basic percentage of their former wage will be introduced from 1 January 1985. This benefit will be increased by a flat-rate allowance in respect of dependents. After two years, the benefit paid to persons forming part of the same household will be reduced to BFR 9 000 a month.

Public service : Teachers will have to work longer minimum hours each week, their retirement age will be lowered and part-time working will be extended at the end of their careers.

Taxation : The tax threshold for certain transfer incomes will be lowered, the deductibility of certain business expenses restricted and fringe benefits, such as low-interest loans made by employers, will be taxed. The reduction in VAT on construction work (from 17 % to 6 %) will lapse on 1 January 1986. Aids to the company sector will be particularly withdrawn after their effectiveness has been examined.

Conversion and investment : Exceptional company profits not reinvested in Belgium will have to be paid into accounts frozen for ten years, for the benefit of the Treasury.

Denmark (DK)

23.3 With a view to reduce excessive liquidity, local authorities accepted a government proposal to deposit DKR 2 000 million for a two year period with the Danish mortgage bank at 10 % interest. Moreover, the adjustment of general grants-in-aid to local government due in 1985 will be made subsequently and paid in 1987.

Federal Republic of Germany (D)

29.3 The Federal Parliament passed a law on early retirement, enabling employees who are 58 years or more to take early retirement. The 58-year-old pensioner is entitled to a pension on his last gross salary, which is subject to tax and social security contributions.

Greece (GR)

None.

France (FR)

5.3 The Government allocated the FF 12 850 million in capital endowment earmarked for nationalized companies in the 1984 budget. This brings the sums received by such companies from 1982 to 1984, to over FF 30 000 million (FF 14 000 million of which has gone to the steel industry).

14.3 Civil servants' gross salaries will be increased by 1 % from 1 April 1984.

29.3 The Government adopted a package of measures concerning the declining industries :

(1) The steel industry : the Government has opted for a job rundown of between 20 000 and 25 000 (on top of the 12 000 jobs lost in 1982), to result from the productivity drive to be mounted between now and 1987. Under the plan the Government will probably disburse some FF 36 000 million in the period to 1987 (FF 10 000 million in 1984, FF 26 000 million from 1985 to 1987). No less than FF 1 000 per tone produced will have to be spent on making the industry competitive, its production capacity then being 17 million tonnes.

(2) Shipbuilding : the Government confirmed its intention of cutting production capacities by one third by 1986 and is supplementing its public aid by grants of FF 1 800 million on top of the FF 2 000 million already earmarked for shipyard modernization.

(3) The coal industry : total aid will not exceed FF 6 500 million (in constant 1984 francs) for the duration of the IXth Plan. As a result, the workforce, now standing at 56 000 workers or so, will be halved. Extraction potential will be cut from 18,5 to 13 million tonnes.

29.3 The Government adopted the draft law on encouraging economic initiative. The measures adopted concern the setting up of new business, take-overs, the taxation of investment, employee saving and industrial restructuring in areas selected as conversion poles.

Ireland (IRL)

None.

Italy (I)

29.2 The Italian Banking Association cut its prime rate from 18,5 % to 17,5 %. Unlike the former reference prime rate, the new rate is only a weighted average of the rates freely decided by the banks.

17.3 The Minister for the Treasury cut the rate for two-year Treasury bills to be issued in April from 16 % to 14 %. When Treasury bills were issued at the end of March, the Banca d'Italia granted a new facility to subscribing banks. It consists of finance available to banks until the next issue of Treasury bills, provided that the banks increase their role as intermediaries in the placement of the paper they buy. The financial terms of the refinancing operation are the same as those for the issue of the paper.

29.3 The Government stopped certain administered prices from rising further. A variety of prices are affected, the move being in line with the Government's commitment to limit increases to an annual average of no more than 10 %.

30.3 The Treasury announced that the yield on April issues of Treasury credit certificates would be reduced by 0,5 %.

Luxembourg (L)

None.

Netherlands (NL)

5.3 The Nederlandsche Bank stated that it was prepared, under a framework agreement with the Government, to purchase between March 1984 and February 1985 Treasury bills worth up to HFL 2 900 million in order to cover the Treasury's cash requirements. These purchases may not, however, exceed 3 % of the previous year's budget revenue. The interest rate on the bills will be the same as the official discount rate (at present 5 %).

United Kingdom (UK)

13.3 The Chancellor of the Exchequer presented the budget for 1984/85 to Parliament. The main measures are : an increase in the income tax threshold, well above the rate of inflation; a reduction in the rate of corporation tax, to be followed in the next 3 years by further decreases, but compensated by reductions in capital allowances over the same period; abolition of the National Insurance Surcharge; halving of the rate of Stamp Duty (payable on transfers of land, buildings and shares); an extension of the tax base for value-added tax. The measures are estimated to be revenue-neutral in 1984/85, when account is taken of inflation, but imply a significant reduction in revenue for 1985/86. The target level of the public sector borrowing requirement (PSBR) in 1984/85 is set at UKL 7 200 million (2 ¼ % of GDP).

In a revised version of the medium-term financial strategy the PSBR is projected to remain at UKL 7 000 million from 1985/86 until 1988/89, thus declining to 1 ¾ % of GDP. Illustrative ranges for monetary growth have been set for two aggregates, sterling M3 and, for the first time, M0, which consists mainly of notes and coins in circulation. Growth of sterling M3 is projected to slow from a target 6-10 % in 1984/85 to 2-6 % in 1988/89, and of M0 from a target 4-8 % in 1984/85 to 0-4 % in 1988/89.

Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
„European Economy” (4 issues per year)	22,70	1 040	16.50	13.25	23.00	The annual subscription runs from 1 January to 31 December of each year.
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